

SAF Tehnika A/S
Consolidated Interim Report
for Q1 of financial year 2022/2023
(July 1, 2022 – September 30, 2022)

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KEY DATA

SAF Tehnika (hereinafter – the Group) is a manufacturer of wireless data transmission equipment. The company’s activities can be divided into three categories:

- Digital microwave radio equipment for voice and data transmission;
- Microwave spectrum analyzers and signal generators;
- Wireless sensor network solutions for environmental monitoring.

The company’s 20 years of experience and knowledge have enabled it to develop a number of innovations, including the launch of the world’s smallest microwave spectrum analyzers to the market – the Spectrum Compact series, as well as the introduction of wireless sensor network solutions – the Aranet brand.

SAF Tehnika products are found in more than 130 countries worldwide. The company has a total of 255 employees, most of them are considered to be leading experts in their field not only locally, but also globally.

The company’s products are used by both the public and private sectors in areas such as mobile communications, internet service providing, industrial production, finance, horticulture, media and many others.

The company’s activities are based on the concern for the highest quality, customer-focused business philosophy and openness.

Currently, the Group consists of the joint stock company registered in Latvia – AS SAF Tehnika (hereinafter – the Parent company), and subsidiary “SAF North America” LLC wholly owned by the Parent company. SAF North America is established in the US and operates in Denver, Colorado. AS SAF Tehnika is a public joint stock company established under applicable law of the Republic of Latvia. Shares of AS SAF Tehnika are listed on Nasdaq Riga Stock Exchange.

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Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 30.06.2022.

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
SIA „Koka zirgs”	11.59%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Ziema	8.71%

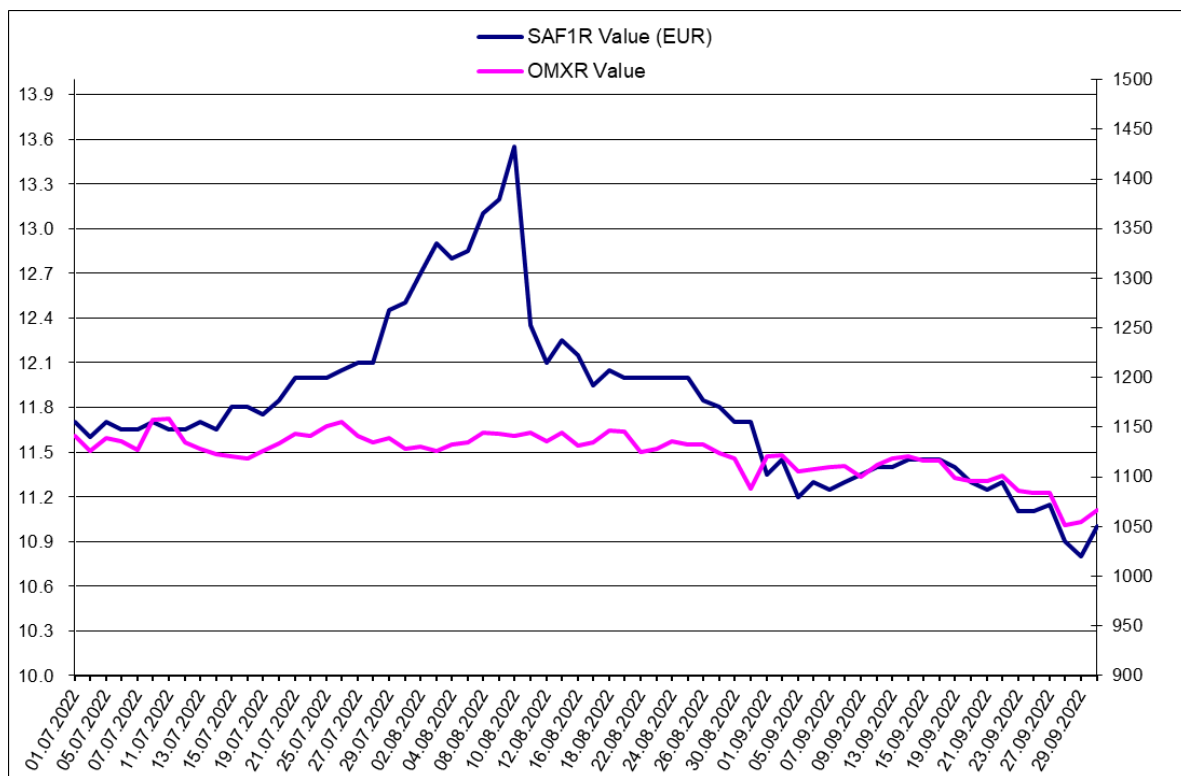
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2021– June 30, 2023

Currency: EUR

Marketplace: Nasdaq Riga



Information on Management and Supervisory Board members

SAF Tehnika Management Board:

Name	Position	Ownership interest (%)
Normunds Bergs	Chairman	owns 9.74% of shares
Didzis Liepkalns	Member	owns 17.05% of shares
Zane Jozepa	Member	owns no shares
Janis Bergs	Member	owns no shares

SAF Tehnika Supervisory Board:

Name	Position	Ownership interest (%)
Juris Zieme	Chairman	owns 8.71% of shares
Andrejs Grisans	Vice-Chairman	owns 10.03% of shares
Ivars Senbergs	Member	owns 2 shares
Aira Loite	Member	owns 8000 shares
Sanda Salma	Member	owns no shares

Information on professional and educational background of the management board members

Normunds Bergs, is Chairman of the Board and Chief Executive Officer of SAF Tehnika AS. Mr. Bergs is one of the founders of SIA Fortech (co-founding company of SAF Tehnika AS) where during the periods from 1990 to 1992 and 1999 to 2000 he acted as Managing Director and General Director, respectively. Following SIA Fortech's merger with AS Microlink in 2000, Mr. Bergs became Chief Executive Officer of SAF Tehnika AS and a member of the Management Board of AS Microlink. From 1992 to 1999, Mr. Bergs worked for World Trade Centre Riga, where he held the position of General Director and became a Member of the Board of Directors in 1998. Mr. Bergs graduated from the Riga Technical University with a degree in radio engineering in 1986.

Didzis Liepkalns, is Member of the Board and Technical Director of SAF Tehnika. Mr. Liepkalns founded a private enterprise SAF in 1995 and co-founded the company SAF Tehnika AS in 1999. From 1985 to 1990 he worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Liepkalns has graduated Riga Technical University with a degree in radio engineering in 1985.

Zane Jozepa, is Member of the Board and Chief Financial Officer. Prior to her employment with SAF Tehnika, Ms. Jozepa has been working in the leading IT and telecommunication services provider in Latvia – SIA Lattelecom, which is a subsidiary company of SIA Citrus Solutions that provides design, construction and maintenance of the engineering and technical systems and infrastructure. Ms. Jozepa has been working as a Business Controller for the first two years. She became Head of Finance in 2008, and a Board Member in 2012. Ms. Jozepa gained her professional experience in finance while working for SIA Coca Cola HBC Latvia during 2001-2006. She has graduated the BA School of Business and Finance (Banku Augstskola) and has a BA degree in finance management.

Jānis Bergs, is Member of the Board, Vice President of Sales and Marketing, and the President of "SAF North America". From 2000 till 2006 Mr. Bergs was a Member of the Board and later CEO of AS Microlink. When Microlink was sold to the TeliaSonera group in 2006, Jānis became a shareholder and CEO of SIA FMS, where he worked until January 2015. Mr. Bergs was a Member of AS SAF Tehnika Council from November 2006 till August 2010, and for more than 10 years he has been managing the Latvian IT and Telecommunications Association (LIKTA) and the ICT cluster,

as well as giving lectures in business studies in Riga Business School. Mr.Bergs has graduated Riga Technical University as radio engineer and has an MBA degree from Riga Business School.

Information on professional and educational background of the supervisory council members

Juris Zieme, co-founder of the Company, is Chairman of the Supervisory Council and Production Department Director. From 1998 to 1999 he worked as an engineer at Mr. Liepkalns private enterprise SAF. From 1987 to 1999 Mr. Zieme worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Zieme has graduated Riga Technical University with a degree in radio engineering in 1987.

Andrejs Grišāns, co-founder of the Company, is Vice-Chairman of the Supervisory Council and Production Department Manager. Prior to joining the Company, he owned and managed a private company specializing in electronic equipment engineering, production and distribution. From 1992 to 1999 Mr. Grisans was involved in entrepreneurial activities in the field of radio engineering. He worked as an engineer-constructor at the Institute of Polymer Mechanics from 1984 to 1992 and in the constructing bureau Orbita from 1980 to 1984. Mr. Grisans has graduated Riga Technical University with a degree in radio engineering in 1980.

Ivars Šenbergs, Member of the Supervisory Council, also Chairman of the Board of SIA Juridiskais Audits, SIA Namipasumu parvalde, SIA Synergy Consulting, SIA IŠMU, SIA Dzirnavu centrs and Member of the Supervisory Council of AS MFS bookkeeping. From 1999 until 2000 he worked as Finance and Administrative Director at SIA Fortech. Mr. Šenbergs has graduated Faculty of Law, University of Latvia in 1986.

Aira Loite, Member of the Supervisory Council, has resumed working in SAF Tehnika in a position of a Director of Digital Transformation in September 2021. She has extensive experience in management, finance, administration and IT, gained in companies operating in local and international markets. She worked as an Administrative Director (2019-2020) in a food production company “Forever” Ltd.), metal processing company group “Torgy Mek” as Finance Director (2016-2019) and as a Director of Torgy Baltic SIA (2018-2019). Aira Loite has been a member of the Board of SAF Tehnika, Finance and Administrative Director (2007-2011), Managing Director (2011-2015). From 2006 to 2007, she worked as the director of the Business Information and Control Department of SIA Lattelecom. From 2000 to 2006, she was a member of the Board and Chief Financial Officer of SIA Microlink Latvia. A. Loite has graduated the University of Latvia in

1988 and holds Masters degree in Mathematics and MBA from Salford University, GB, obtained in 2009.

Sanda Šalma, Member of the Supervisory Council, currently leading Microsoft Azure business in Small and Medium segment in CEE (Central and Eastern Europe) 30+ countries. Almost 15 years spent in the information technology industry in various business development and sales leader roles in the Baltic and European markets. Previous experience in banking (Parex Bank, 2006-2008) and sales account management in a Danish and Swedish owned logistics company Baltic Transshipment Center (2000-2006). She graduated from Salford University in 2009 with MBA, as well as Riga Stradins University in 2021, and holds a Master degree in Clinical Psychology.

Statement of Board's Responsibilities

The Board of SAF Tehnika JSC (hereinafter – the Parent) is responsible for preparing the consolidated financial statements of the Parent and its subsidiaries (hereinafter - the Group).


The consolidated financial statements are prepared in accordance with the source documents and present fairly the consolidated financial position of the Group as of 30 September, 2022 and the consolidated results of its financial performance and cash flows for the quarter then ended.

The above mentioned financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and are prepared on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The consolidated interim financial statements have been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on June 30, 2022.

Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Board of SAF Tehnika JSC is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Board is responsible for compliance with the requirements of normative acts of the countries the Group operates in (Latvia and United States of America).

The interim financial statements have been prepared in Euro.



Zane Jozepa
CFO, Member of the Management Board

Management Report

The Group's unaudited consolidated net turnover for the first quarter (Q1) of the financial year 2022/2023 was EUR 11.4 million, which is an increase of 46 % compared to the first quarter of the financial year 2021/2022.

The turnover of the region of the countries of North and Latin America amounted to 69%, or EUR 8.8 million. Compared to the same quarter turnover last financial year, the turnover increased by 58%.

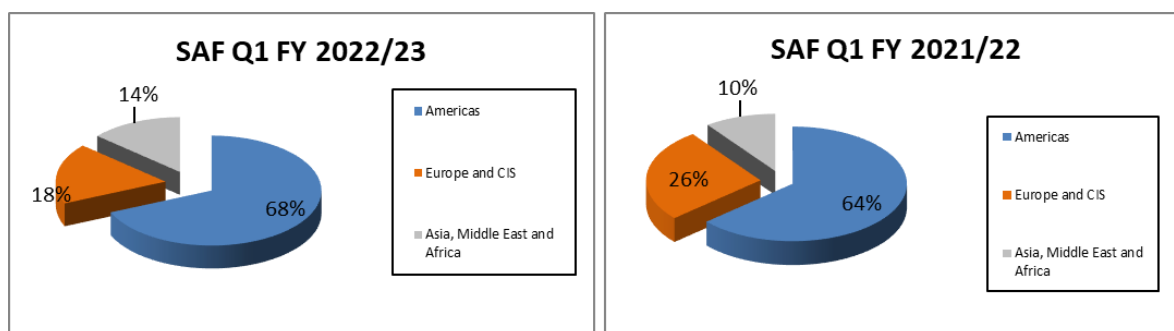
The turnover of the region of Europe and the CIS countries is 18%, or EUR 2 million, which is 1% less than in the 1st quarter of the previous financial year. Compared to the corresponding quarter of the last financial year, the turnover of Asia, Africa and the Middle East region doubled and accounts for 14% of the total quarterly turnover (or EUR 1.6 million).

In the first quarter of the financial year 2022/2023, in order to strengthen its position in the international market and promote brand and product recognition, SAF Tehnika participated in 6 international exhibitions, covering industries of different scale in the USA and Europe. Exhibitions such as Cultivate (USA), EMV (Germany) and APCO International (USA) are considered the most important shows for business development. At the same time, great emphasis was placed on digital marketing activities and e-commerce, promoting both brand awareness and increasing sales figures.

The company's brand and product line Aranet continues to play a priority role in business development, shifting its share to several business segments, including agriculture, building management, public sector, but among indoor air quality sensors, Aranet4 is always in the most significant demand. The recognition of this product continues to grow and play a significant role both in terms of marketing and sales, and constant work is underway to inform the public about the importance of the product.

In the vertical of microwave products, active work is underway to promote new PhoeniX G2+ and Integra-E2 products to the market and strengthen their positions. This happens both during trade shows and during individual meetings with customers. Since the beginning of the financial year, several projects have been implemented, where both of these products are installed, as well as negotiations are already underway to improve the existing services of customers with one of these two very successful and competitive products. It is a long-term effort, in close cooperation with each client individually.

Comparative charts of Q1 sales volumes by regions:



In the reporting quarter, the Group's products were sold in 62 countries.

The Group's expenditures did not exceed the planned volumes and were generally higher than in the same period a year earlier, which is due to the increase in the number of employees, investment in sales promotion in existing and new market segments. The Group continues to invest in the development of new products and modification of existing products.

The Group completed the 1st quarter of the financial year 2022/2023 with a profit of EUR 2.56 million (unaudited). The result of the first quarter of the previous year was profit of EUR 1.52 million.

The Group's net cash flow for the financial year is EUR 344 thousand. The Group's net cash balance at the end of the period was EUR 3.12 million.

To ensure liquidity, in the 1st quarter of the financial year 2022/2023, the parent company entered into a Credit Line Agreement with Luminor Bank AS for the total amount of EUR 4 950 000. The credit line was not used in the reporting quarter.

In the 1st quarter of the financial year 2022/2023, EUR 165 thousand were invested in the acquisition of fixed assets.

Market Overview

There has been no rapid change in the microwave radio market over the last quarter. We believe that significant changes in the microwave radio market are not expected in the near term, but, in the longer term, there may be certain customer segments that could reconsider investment volumes in network construction. SAF regularly works with all clients to identify and minimize risks in a timely manner, as well as works with IoT segment solutions in order to continue the development and diversify SAF Tehnika's product offering. The Group does not have significant customers and suppliers in the region involved in military operations (Russia, Ukraine or Belarus), so there is no direct impact on the volume of orders.

There is still an increase in demand for radio links that provide increased data transfer rates.

Guidelines

SAF Tehnika is a company with long-accumulated experience and knowledge in the development and production of microwave links. After the pandemic, the group continues to follow the epidemiological rules in the home country, ensuring compliance with the relevant norms. During the fourth quarter, the manufacturing facility of SAF Tehnika operated in its normal mode, the company manufactured and shipped its products worldwide. At the manufacturing facility, the work is organized paying special attention to ventilation and air quality.

Since the outbreak of hostilities in Ukraine by Russia, the overall uncertainty of the business environment has increased. Although its direct impact on the Group's activities is relatively limited, the Group carefully assesses possible cost growth forecasts and potential risks. The Group's operations are affected by the global shortage of various electronic components. Supply chains remain difficult – alternative transportation options increase delivery times and costs. The company regularly reviews procurement volumes and deadlines, and continues to accumulate inventory in order to be able to fulfil most of the orders within normal lead times. This applies to all SAF product families – microwave links, Spectrum Compact and Aranet.

The Group continues to study market demand and problematic issues in order to be able to offer the necessary product modifications both on a daily basis and in the context of changing global circumstances. Investment in product development continues.

The goal of the company is to stabilize the turnover level, which ensures a positive net result in the long run. The Board of SAF Tehnika remains cautious and refrains from providing specific sales and performance forecasts.

As of September 30, 2022, the Group had 255 employees (244 employees as of September 30, 2021).

KEY indicators

	Q1 2022/23	Q1 2021/22	Q1 2020/21
	EUR	EUR	EUR
Net Sales	11,415,883	7,804,133	4,707,696
Earnings before interest, taxes and depreciation (EBITDA)	2,970,215	1,749,368	680,592
<i>(EBITDA %)</i>	26%	22%	14.5%
Profit/loss before interest and taxes (EBIT)	2,700,148	1,570,035	490,412
<i>(EBIT %)</i>	24%	20%	10%
Net Profit	2,561,918	1,519,081	378,115
<i>share of the turnover %</i>	22%	19%	8%
Total assets	29,969,721	21,672,499	15,439,283
Total Owners equity	20,050,647	14,708,262	10,286,102
Return on equity (ROE) %	8.95%	7.21%	2.44%
Return on assets (ROA) %	13.73%	10.80%	3.74%
Liquidity ratio			
<i>Quick ratio %</i>	43%	123%	111%
<i>Current ratio %</i>	106%	161%	155%
Earnings per share	0.86	0.51	0.13
Last share price at the end of period	11.00	11.15	3.64
P/E	4.66	6.26	18.20
Number of employees at the end of reporting period	255	244	222

Consolidated Statement of Financial Position

	Note	30.09.2022	30.09.2021
CURRENT ASSETS		EUR	EUR
Cash and bank		3 125 267	6 798 714
Customer receivables	1		
Accounts receivable		4 495 452	2 214 234
Allowance for uncollectible receivables		-21 543	-217 960
Total		4 473 909	1 996 274
Other receivables			
Other current receivables	2	90 829	47 559
Total		90 829	47 559
Prepaid expenses			
Prepaid taxes		141 261	48 441
Other prepaid expenses		282 564	198 196
Total		423 825	246 637
Inventories	3		
Raw materials		6 139 116	4 248 609
Work-in-progress		4 094 266	2 828 640
Finished goods		6 175 954	2 860 121
Prepayments to suppliers		254 231	222 223
Total		16 663 567	10 159 593
TOTAL CURRENT ASSETS		24 777 396	19 248 777
NON-CURRENT ASSETS			
Long-term financial assets			
Investments in other companies		209 044	7 146
Total		209 044	7 146
NON-CURRENT physical assets	4		
Plant and equipment		4 672 654	4 609 609
Other equipment and fixtures		2 323 990	2 030 737
Accumulated depreciation		-5 240 139	-5 881 009
Prepayments for noncurrent physical assets		81 353	12 797
Unfinished renovation works		401 040	63 201
Long-term investment - lease		2 282 426	1 245 935
Total		4 521 325	2 081 269
Intangible assets	4		
Purchased licenses, trademarks etc.		426 051	312 354
Other long-term intangible assets		35 905	22 953
Total		461 956	335 307
TOTAL NON-CURRENT ASSETS		5 192 325	2 423 722
TOTAL ASSETS		29 969 721	21 672 499

LIABILITIES AND OWNERS' EQUITY	Note	30.09.2022	30.09.2021
CURRENT LIABILITIES		EUR	EUR
Debt obligations			
Customer prepayments for goods and services		1 871 143	1 250 810
Accounts payable		1 695 339	1 383 452
Accrued short-term operating lease liabilities	5	394 300	316 593
Tax liabilities		695 332	565 016
Salary-related accrued expenses	6	2 172 633	1 648 807
Provisions for guarantees		45 636	45 636
Deffered income		405 559	296 661
TOTAL CURRENT LIABILITIES		7 279 942	5 506 974
NON-CURRENT LIABILITIES			
Long-term liabilities			
Long-term deffered income		706 374	527 056
Accrued long-term operating lease liabilities	5	1 932 757	930 208
TOTAL LONG-TERM LIABILITIES		2 639 132	1 457 264
TOTAL LIABILITIES		9 919 074	6 964 238
OWNERS' EQUITY			
Share capital		4 158 252	4 158 252
Paid in capital over par		2 851 726	2 851 726
Other reserves		8 530	8 530
Retained earnings		10 233 237	6 133 278
Net profit for the financial year		2 561 918	1 519 081
Currency translation reserve		236 984	37 395
TOTAL OWNERS' EQUITY		20 050 647	14 708 261
TOTAL LIABILITIES AND OWNERS' EQUITY		29 969 721	21 672 499

Consolidated Statement of Profit or Loss for 3 month of the financial year 2022/2023

	Note	30.09.2022	30.09.2021
		EUR	EUR
Net sales	7	11 415 883	7 804 133
Other operating income		10 617	6 786
Total income		11 426 500	7 810 919
Direct cost of goods sold or services rendered		-4 261 831	-3 079 582
Marketing, advertising and public relations expenses		-260 110	-190 367
Bad receivables	8	1 239	6 658
Operating expenses		-542 490	-256 388
Salaries and social expenses	9	-2 245 341	-1 758 974
Bonuses and social expenses	9	-1 133 893	-773 025
Depreciation expense		-171 932	-104 200
Amortization of operating lease		-98 135	-75 133
Other expenses		-13 858	-9 874
Operating expenses		-8 726 352	-6 240 884
EBIT		2 700 148	1 570 035
Financial income (except ForEx rate difference)		248	182
Financial costs (except ForEx rate difference)		-15 591	-6 897
Foreign exchange +gain/(loss)		652	73 133
Financial items		-14 691	66 418
EBT		2 685 456	1 636 453
Corporate income tax		-123 538	-117 372
Profit after taxes		2 561 918	1 519 081
Net profit/(loss)		2 561 918	1 519 081

*Earnings per share

EPS 30.09.2022. = 0.86 EUR

EPS 30.09.2021. = 0.51 EUR

Consolidated cash flow statement for 3 months of the financial year 2022/2023

	30.09.2022	30.09.2021
	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	1 148 820	-913 020
Cash received from customers	10 339 968	7 355 626
Cash paid to suppliers and employees	-9 415 310	-8 369 708
Paid/Received VAT	224 162	101 062
NET CASH USED IN INVESTING ACTIVITIES (of which)	-877 430	-43 552
Cash paid for purchasing shares in subsidiary	-201 898	0
Cash paid for purchasing non-current physical assets	-675 532	-43 552
NET CASH USED IN FINANCING ACTIVITIES (of which)	70 799	71 649
Cash received from EU funds	70 799	71 649
Effects of exchange rate changes	1 910	-6 110
TOTAL CASH FLOW:	344 100	-891 034
Cash and cash equivalents as at the beginning of period	2 781 167	7 689 748
Cash and cash equivalents as at the end of period	3 125 267	6 798 714
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	344 100	-891 034

Statement of changes in consolidated equity for the 3 month period ended September 30, 2022

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 30 June 2021	4 158 252	2 851 726	8 530	10 324	6 133 278	13 162 110
Dividend relating to 2016/2020	-	-	-	-	-1 990 021	-1 990 021
Currency translation difference	-	-	-	135 481	-	135 481
Profit for the year	-	-	-	-	6 089 980	6 089 980
As at 30 June 2022	4 158 252	2 851 726	8 530	145 805	10 233 237	17 397 550
Currency translation difference	-	-	-	91 179	-	91 179
Profit for the year	-	-	-	-	2 561 918	2 561 918
As at 30 September 2022	4 158 252	2 851 726	8 530	236 984	12 795 155	20 050 647

Notes for interim report

Note 1 Customer receivables

	30.09.2022	30.09.2021
	EUR	EUR
Accounts receivable	4 495 452	2 214 234
Provisions for bad and doubtful accounts receivable	(21 543)	(217 960)
Total receivables	4 473 909	1 996 274

As compared to the same balance sheet date of the previous financial year the total receivables have increased

Note 2 Other current receivables

	30.09.2022	30.09.2021
	EUR	EUR
Other current receivables	90 829	47 559

Other current receivables include the amounts of calculated co-financing from EU funds for ongoing product development projects. Co-financing is assigned via competence center “LEO pētījumu centrs” (LEO) and will be received when project documentation and results are reviewed and accepted by project sponsor.

Note 3 Inventories

	30.09.2022	30.09.2021
	EUR	EUR
Raw materials	7 560 986	5 326 146
Allowance for slow-moving items	(1 421 870)	(1 077 537)
Work-in-progress	4 094 266	2 828 640
Finished goods	6 175 954	2 860 121
Prepayments to suppliers	254 231	222 223
	16 663 567	10 159 593

As compared to 30 September 2021, total inventories increased by 64%.

The Group maintains the amount of raw materials and auxiliary supplies at the defined level to be able to deliver all products in the Group’s product portfolio within the competitive timeframes.

The Group’s inventories must include previously produced and sold equipment components in order to provide corresponding maintenance service.

Note 4 Non-current, intangible assets

	30.09.2022	30.09.2021
	EUR	EUR
Plant and equipment	4 672 654	4 609 609
Other equipment and fixtures	2 323 990	2 030 737
Accumulated depreciation	(5 240 139)	(5 881 009)
Prepayments for noncurrent physical assets	81 353	12 797
Unfinished renovation works	401 040	63 201
Long-term investment lease*	2 282 426	1 245 935
	4 521 325	2 081 269
Purchased licenses, trademarks etc.	426 051	312 354
Other long-term intangible assets	35 905	22 953
	461 956	335 307
Total non-current, intangible assets	4 983 281	2 416 576

*See Note 5 Operating lease liabilities

During Q1, the Group acquired fixed assets and intangible assets in the amount of 165 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

Note 5 Operating lease liabilities

	30.09.2022	30.09.2021
	EUR	EUR
Accrued short-term operating lease liabilities	394 300	316 593
Accrued long-term operating lease liabilities	1 932 757	930 208
	2 327 057	1 246 801

As a result of the introduction of IFRS 16 “Leases”, the Group has made estimates in respect of concluded operating leases, assuming that over the next 5 (five) years, it will continue to lease premises in accordance with the concluded lease agreements. In addition, the volume of leased premises has also increased.

Note 6 Salary-related accrued expenses

	30.09.2022	30.09.2021
	EUR	EUR
Salary-related accrued expenses	2 172 633	1 648 807

The increase in the balance sheet is due to fluctuations in vacation and bonus savings between periods, and due to the increase in wages.

Note 7 Segment information

a) The Group's (Parent company's) operations are divided into two major structural units:

- SAF branded equipment designed and produced in-house - as one of the structural units containing CFIP, Integra (Integrated carrier-grade Ethernet microwave radio), Spectrum Compact (measurement tools for radio engineers) and Aranet (environmental monitoring solutions).

CFIP – product line is represented by:

- Phoenix, a split mount (IDU+ODU) PhoeniX hybrid radio system with Gigabit Ethernet and 20E1 interfaces;
- Lumina high capacity Full Outdoor all-in-one radio with Gigabit Ethernet traffic interface;
- Marathon FIDU low frequency low capacity system for industrial applications, energy companies and rural telecom use.

All CFIP radios are offered in most widely used frequency bands from 1.4GHz to 38 GHz, thus enabling the use of CFIP radios all across the globe.

Integra – is a next generation radio system employing latest modem technology on the market as well as radio technology in an innovative packaging.

Spectrum Compact is the latest product line in SAF's portfolio, it is a measurement tool for field engineers for telecom, broadcasting and other industries using radio technologies. It comprises of a number of units covering several frequency bands and proving various functionality.

Aranet- the latest SAF product line for environmental monitoring, consisting of various wireless sensors, base stations and Aranet cloud solution for data collection, aggregation and analysis.

- operations related to sales of products purchased from other suppliers, like antennas, cables, SAF renamed (OEMed) products and different accessories - as the second unit.

This note provides information about division of the Group's turnover and balance items by structural units by product type for 3 month of the financial year 2022/23 and financial year 2021/22.

	CFIP, Integra, Spectrum		Other		Total	
	Compact, Aranet					
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	EUR	EUR	EUR	EUR	EUR	EUR
Segment assets	22 527 908	12 749 637	1 260 065	1 179 280	23 787 973	13 928 917
Undivided assets					6 181 748	7 743 582
Total assets					29 969 721	21 672 499
Segment liabilities	4 273 120	3 230 449	83 540	56 525	4 356 660	3 286 974
Undivided liabilities					5 562 414	3 677 264
Total liabilities					9 919 074	6 964 238
Net sales	11 314 790	7 672 736	101 093	131 397	11 415 883	7 804 133
Segment results	5 887 652	3 173 231	249 188	212 368	6 136 840	3 385 599
Undivided expenses					-3 447 310	-1 823 741
Profit from operations					2 689 530	1 561 858
Other income					10 617	6 786
Financial income (except ForEx rate difference)					248	182
Financial costs (except ForEx rate difference)					-15 591	-6 897
Foreign exchange +gain/(loss)					652	73 132
Profit before taxes					2 685 456	1 635 061
Corporate income tax					-123 538	-115 980
Profit after taxes					2 561 918	1 519 081
Net profit					2 561 918	1 519 081
Other information						
Additions of property plant and equipment and intangible assets	47 925	61 228	0	0	47 925	61 228
Undivided additions					116 993	106 743
Total additions of property plant and equipment and intangible assets					164 918	167 971
Depreciation and amortization	160 732	105 817	0	0	160 732	105 817
Undivided depreciation					109 335	73 516
Total depreciation and amortization					270 067	179 333

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 3 month of the financial year 2022/23 compared to the same period of financial year 2021/22.

	Net sales		Assets	
	2022/23	2021/22	30.09.2022	30.09.2021
	EUR	EUR	EUR	EUR
Americas	7 822 501	4 957 839	3 345 387	1 539 423
Europe, CIS	2 041 573	2 059 666	977 679	427 812
Asia, Africa, Middle East	1 551 810	786 628	150 843	29 039
	11 415 883	7 804 133	4 473 909	1 996 274
Unallocated assets	-	-	25 495 812	19 676 225
	11 415 883	7 804 133	29 969 721	21 672 499

Note 8 Bad receivables

	30.09.2022	30.09.2021
	EUR	EUR
Bad receivables	1 239	6 658

Provisions for doubtful and bad accounts receivable were calculated according to Group's provision calculation policy. The Group starts to calculate provisions for customers who delays payment terms more than 3 months. Additional provisions were calculated for debts where probability not to receive payment is high, although agreed payment term has not come yet. Assessing the risks of receivables, additional provision for insecure debts has been made.

Note 9 Salaries, bonuses and social expenses

	30.09.2022	30.09.2021
	EUR	EUR
Salaries and social expenses	2 245 341	1 758 974
Bonuses and social expenses	1 133 893	773 025
	3 379 234	2 531 999

Compared to the first quarter of the previous financial year 2021/2022, the amount of salary costs and related social costs increased by 33%. This reflects changes in the number and composition of the staff (employees with critical competencies), as well as provisions for performance bonuses.